



Small Business Micro-Loan Program

The Virginia Small Business Financing Authority's Small Business Micro-Loan Program is designed to assist Virginia's existing small businesses across the Commonwealth. Short-term loans are provided to help established businesses create new jobs and retain existing "at risk" jobs in Virginia. Loan requests are encouraged to be coupled with technical assistance provided by the Virginia Small Business Development Center network and additional funding can be requested for those who evidence having worked with Virginia's SBDC's.

Eligible Borrowers:

Qualifying borrowers must be a business currently operating in Virginia, be in good standing with the State Corporation Commission or other applicable state or local licensing authority, and have been in operation for at least three (3) years. Businesses must also meet at least one of the following criteria to be an eligible borrower:

- Have \$10 million or less in annual revenues over each of the last three years; or
- Have a net worth of \$2 million or less; or
- Have fewer than 250 employees; or

Personal Guarantors:

All owners of 20 percent or more of the applicant business (including a spouse owning 5 percent or more when the combined ownership of both spouses is 20 percent or more) will personally guarantee the loan.

Approval:

A minimum 720 personal credit score is required for all individual guarantors and/or proprietorship applicants.

Amount:

Maximum loan amount is \$10,000; however, special consideration will be given to increase the approved loan amount to \$25,000, if requested by the applicant business on the application and accompanied by a referral form from the SBDC. The SBDC form must reflect that the applicant business received in-depth technical assistance from the Virginia SBDC network in order to be considered for the additional loan amount.

Term:

Loans will amortize monthly and have a maximum maturity of 12 months. Payments must be made through automated clearing house (ACH). No business or owner may have more than one (1) loan through this program at any one time and no more than two (2) with the VSBFA within a 3 year period.

Interest Rate and Fee:

Fixed base rate is tied to the *Wall Street Journal* Prime rate with a spread based on the credit risk as determined by VSBFA. The rate will not exceed the Prime rate plus 3%. \$100 non-refundable application fee.

To qualify for assistance under the Small Business Micro-Loan Program, the applicant business must:

- ✓ Create or save permanent full-time jobs;
- ✓ Provide a first lien on the assets purchased with the loan proceeds; however, a subordinate lien position will be considered.

Loan funds can be used for:

- Financing accounts receivable & inventory
- Contract financing
- Financing permanent working capital or fixed asset purchases
- Leasehold improvements or expansions
- Purchase and installation of machinery & equipment
- Technology infrastructure

Loan funds *cannot* be used to:

- Refinance or restructure a bank's existing debt
- Finance businesses engaged in residential construction or passive real estate investment
- Compensate for a fundamental business weakness

Completed applications will be reviewed by the VSBFA staff. The staff generally can make the credit decision within a few business days. Credit decisions will be based primarily on the credit history of the owners as reflected by their credit score. For additional information and application materials, visit our website, www.vdba.virginia.gov or call 1-866-248-8814.